

ROBERT LEE - 09/14/2017

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<p>1 ROBERT LEE</p> <p>2 the form.</p> <p>3 Q. You can answer.</p> <p>4 A. My understanding is that the</p> <p>5 \$600,000 excess was, my understanding</p> <p>6 is that Mr. Slinin or his associates</p> <p>7 dealt, handled the payment, handled the</p> <p>8 money and retained \$300,000 of the</p> <p>9 excess and passed on \$300,000 of the</p> <p>10 excess at the direction of Midland.</p> <p>11 Q. Do you know if that, are you</p> <p>12 familiar with an account or a company</p> <p>13 called Yugo?</p> <p>14 A. I have heard of it.</p> <p>15 Q. Do you know whether or not</p> <p>16 the \$300,000 that was passed from</p> <p>17 Mr. Slinin to Mr. Shnaider was paid to</p> <p>18 the Yugo account?</p> <p>19 MS. DYER: Objection to</p> <p>20 the form.</p> <p>21 Q. If you know.</p> <p>22 A. I don't know that.</p> <p>23 Q. What is your understanding</p> <p>24 as to why Mr. Slinin retained \$300,000</p> <p>25 of the excess and then paid \$300,000 at</p>	<p>1 ROBERT LEE</p> <p>2 identification, Lee Exhibit 4.)</p> <p>3 Q. I am going to ask you to</p> <p>4 please take a look at contracts three</p> <p>5 and four, let's start with number three</p> <p>6 and I'll ask you if you recognize what</p> <p>7 that is.</p> <p>8 A. Yes, it is an aircraft</p> <p>9 purchase agreement between Challenger</p> <p>10 Aircraft Company and Colley</p> <p>11 International Market.</p> <p>12 Q. For the sake of brevity,</p> <p>13 would Colley be another off the shelf</p> <p>14 company purchased by Midland?</p> <p>15 MS. DYER: Objection to</p> <p>16 the form.</p> <p>17 A. It was a similar off the</p> <p>18 shelf company which initially I ordered</p> <p>19 off the shelf</p> <p>20 Q. And this was a contract</p> <p>21 between CAC and Colley and what was CAC</p> <p>22 going to sell to Colley pursuant to the</p> <p>23 terms of this agreement?</p> <p>24 A. A Challenger aircraft 850</p> <p>25 model similarly to the previous</p>
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<p>1 ROBERT LEE</p> <p>2 Mr. Shnaider's direction to some entity</p> <p>3 under his control?</p> <p>4 MS. DYER: Objection to</p> <p>5 the form.</p> <p>6 Q. You could answer.</p> <p>7 A. Well we don't know that that</p> <p>8 is what happened but it is my general</p> <p>9 understanding. And I don't know the</p> <p>10 reason why, although I also understand</p> <p>11 that it is likely to be that that is</p> <p>12 what Mr. Slinin and Mr. Shnaider</p> <p>13 agreed.</p> <p>14 Q. Okay, let's put this aside</p> <p>15 for a moment. We'll come back to 161</p> <p>16 later. I'm going to try to go through</p> <p>17 this a little more quickly.</p> <p>18 MR. LEBOWITZ: Can we have</p> <p>19 this marked as 3 and let's have</p> <p>20 this marked as 4.</p> <p>21 (Aircraft purchase</p> <p>22 agreement marked for</p> <p>23 identification, Lee Exhibit 3.)</p> <p>24 (Aircraft purchase</p> <p>25 agreement marked for</p>	<p>1 ROBERT LEE</p> <p>2 Exhibits 1 and 2.</p> <p>3 Q. And does this contract have</p> <p>4 a designation in the lower left hand</p> <p>5 corner?</p> <p>6 A. C 850-0162.</p> <p>7 Q. Can you again look at page</p> <p>8 seven of nine here.</p> <p>9 Do you recognize the signature</p> <p>10 on behalf of Challenger?</p> <p>11 A. Yes, I do.</p> <p>12 Q. Can you tell us who that is,</p> <p>13 please?</p> <p>14 A. Daniel Tilis.</p> <p>15 Q. I believe if you look at the</p> <p>16 last page, it is number 158, you will</p> <p>17 see it appears to be the signature of</p> <p>18 Mr. Sheikhametov here again on this</p> <p>19 page?</p> <p>20 A. It does.</p> <p>21 Q. I'm now going to ask you to</p> <p>22 take a look at Exhibit number 4. And</p> <p>23 can you tell me what this is?</p> <p>24 A. It is an aircraft purchase</p> <p>25 agreement between CL 850 Aviation</p>

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<p>1 ROBERT LEE</p> <p>2 understanding?</p> <p>3 A. Yes.</p> <p>4 Q. Now, I just want to mark</p> <p>5 this for the sake of clarity.</p> <p>6 MR. LEBOWITZ: Can we mark</p> <p>7 this as Exhibit 5, please.</p> <p>8 (Instrument of transfer</p> <p>9 of shares marked for</p> <p>10 identification, Lee Exhibit 5.)</p> <p>11 Q. Do you recognize what that</p> <p>12 document is?</p> <p>13 A. Do I recognize what it is?</p> <p>14 Q. Yes, can you tell me what it</p> <p>15 is?</p> <p>16 A. It appears to be an</p> <p>17 instrument of transfer of shares.</p> <p>18 Q. And that would be</p> <p>19 transferring the shares of Colley</p> <p>20 International from Midland to</p> <p>21 Mr. Sheikhametov; correct?</p> <p>22 A. Correct.</p> <p>23 Q. And would this be the type</p> <p>24 of document that would be utilized for</p> <p>25 the transfer of shares of the off the</p>	<p>1 ROBERT LEE</p> <p>2 and CL 850.</p> <p>3 Again two different entities</p> <p>4 involved in each contract. Would that</p> <p>5 also had been in error as you testified</p> <p>6 in 162?</p> <p>7 A. That is my recollection.</p> <p>8 Q. Do you know was this</p> <p>9 contract number 162 ultimately</p> <p>10 fulfilled?</p> <p>11 MS. DYER: Objection to</p> <p>12 the form.</p> <p>13 A. We have two contracts with</p> <p>14 the same number.</p> <p>15 Q. Let's start with the</p> <p>16 Bombardier contract between CL 850 and</p> <p>17 Bombardier, was a plane delivered on</p> <p>18 the contract 162?</p> <p>19 MS. DYER: Objection.</p> <p>20 Q. Do you know if a plane was</p> <p>21 delivered?</p> <p>22 MS. DYER: Can you refer</p> <p>23 to it as exhibit number?</p> <p>24 MR. LEBOWITZ: I'm sorry.</p> <p>25 Q. Exhibit 4, contract 162.</p>
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<p>1 ROBERT LEE</p> <p>2 shelf company to the end buyer that we</p> <p>3 discussed with respect to the prior</p> <p>4 contract?</p> <p>5 MS. DYER: Objection to</p> <p>6 the form.</p> <p>7 A. I wasn't involved in this.</p> <p>8 I was aware that the intention was to</p> <p>9 transfer shares to in this case</p> <p>10 Mr. Sheikhametov.</p> <p>11 Q. So this would be the, what</p> <p>12 is your understanding then of what this</p> <p>13 did?</p> <p>14 A. It appears to transfer the</p> <p>15 entire issued share capital of Colley</p> <p>16 to Mr. Sheikhametov.</p> <p>17 Q. So it transferred ownership</p> <p>18 of your off the shelf company to the</p> <p>19 end buyer; correct?</p> <p>20 A. Correct.</p> <p>21 Q. Thank you.</p> <p>22 Now one other question with</p> <p>23 respect to three and four. Contract</p> <p>24 three is between Challenger and Colley</p> <p>25 and contract four is between Bombardier</p>	<p>1 ROBERT LEE</p> <p>2 A. Ultimately of the series of</p> <p>3 contracts, one Challenger 850</p> <p>4 delivered, the others were not.</p> <p>5 Q. Do you know what disposition</p> <p>6 was made of any deposit -- withdrawn.</p> <p>7 I believe you said it was your</p> <p>8 understanding that the \$2 million was</p> <p>9 delivered to Bombardier pursuant to</p> <p>10 contract 162.</p> <p>11 Do you know what this, what</p> <p>12 disposition was made of that \$2</p> <p>13 million?</p> <p>14 A. After the contract was</p> <p>15 terminated and in accordance with its</p> <p>16 terms, Bombardier retained the deposit</p> <p>17 as was their right.</p> <p>18 Q. Isn't it correct to state</p> <p>19 that they credited that deposit to</p> <p>20 another contract?</p> <p>21 MS. DYER: Objection to</p> <p>22 the form.</p> <p>23 A. It is, that was Bombardier's</p> <p>24 decision if indeed it happened. It</p> <p>25 didn't work that way. It is not the</p>

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<p>1 ROBERT LEE</p> <p>2 same \$2 million.</p> <p>3 MR. LEBOWITZ: Let's find</p> <p>4 out. Can you mark this as number</p> <p>5 6.</p> <p>6 (Agreement marked for</p> <p>7 identification, Lee Exhibit 6.)</p> <p>8 Q. If you take a look at that</p> <p>9 document and when you are finished</p> <p>10 reading it, please let me know.</p> <p>11 A. Okay.</p> <p>12 Q. Let's begin on the last</p> <p>13 page. Is your signature anywhere on</p> <p>14 that document?</p> <p>15 A. It is.</p> <p>16 Q. And that's under CL 850</p> <p>17 Aviation Holdings?</p> <p>18 A. Right.</p> <p>19 Q. This agreement was also</p> <p>20 executed by Mr. Ercolanese of</p> <p>21 Bombardier; right?</p> <p>22 A. Correct.</p> <p>23 Q. Tell me what this</p> <p>24 termination agreement does as you</p> <p>25 understand it?</p>	<p>1 ROBERT LEE</p> <p>2 liquidated damage.</p> <p>3 Q. Seller meaning Bombardier;</p> <p>4 correct?</p> <p>5 A. Bombardier, and they have</p> <p>6 agreed to apply the advance payment to</p> <p>7 a certain Challenger CL 850 161 among</p> <p>8 other things.</p> <p>9 Q. So you would agree with me</p> <p>10 then or would you agree with me that</p> <p>11 contract 162, Exhibit 4 was terminated</p> <p>12 and the \$2 million received pursuant to</p> <p>13 that contract was transferred to</p> <p>14 contract 161 as a credit against the</p> <p>15 ultimate purchase price of that plane?</p> <p>16 A. Yes.</p> <p>17 Q. I didn't mean to suggest it</p> <p>18 was the same \$2 million and whether or</p> <p>19 not any actual cash was actually</p> <p>20 transmitted, is really of no</p> <p>21 consequence. There was a credit</p> <p>22 received for this money pursuant to</p> <p>23 this termination agreement for the</p> <p>24 ultimate purchase of the airplane under</p> <p>25 contract 161; correct?</p>
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<p>1 ROBERT LEE</p> <p>2 A. It terminates the contract,</p> <p>3 which we have at Exhibit Lee 4. So</p> <p>4 that it's finished.</p> <p>5 Q. And it acknowledges that a</p> <p>6 \$2 million payment was received on that</p> <p>7 contract and transfers it as a credit</p> <p>8 to contract number one or better</p> <p>9 described here as contract C 850-0161,</p> <p>10 which we previously marked as Exhibit</p> <p>11 2; correct?</p> <p>12 MS. DYER: Where are you</p> <p>13 looking?</p> <p>14 MR. LEBOWITZ: I'm looking</p> <p>15 in the body of the first page.</p> <p>16 MS. DYER: Okay.</p> <p>17 MR. LEBOWITZ: Third</p> <p>18 whereas, second to third whereas.</p> <p>19 A. Right so --</p> <p>20 Q. I'm not asking --</p> <p>21 MS. DYER: Let him finish.</p> <p>22 Q. I didn't mean to interrupt.</p> <p>23 A. It says that the buyer and</p> <p>24 seller have agreed to terminate the</p> <p>25 agreement without receipt by seller of</p>	<p>1 ROBERT LEE</p> <p>2 A. Among the other amendments</p> <p>3 that were made.</p> <p>4 Q. Right.</p> <p>5 A. To contract 161.</p> <p>6 Q. Thank you.</p> <p>7 MS. DYER: Would this be</p> <p>8 an okay time to take a five</p> <p>9 minute break?</p> <p>10 MR. LEBOWITZ: Sure.</p> <p>11 (A recess was taken.)</p> <p>12 Q. I'll give you another set of</p> <p>13 contracts to look at.</p> <p>14 MS. DYER: And these are?</p> <p>15 MR. LEBOWITZ: 7 and 8.</p> <p>16 MS. DYER: Thank you.</p> <p>17 (Contract marked for</p> <p>18 identification, Lee Exhibit 7.)</p> <p>19 (Contract marked for</p> <p>20 identification, Lee Exhibit 8.)</p> <p>21 Q. Mr. Lee, I'll ask you to</p> <p>22 take a look at, let's begin with the</p> <p>23 agreement that is marked as number 7,</p> <p>24 which appears to be a contract between</p> <p>25 Challenger and an entity called Blue</p>

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<p>1 ROBERT LEE</p> <p>2 Industrial Skies.</p> <p>3 I'll ask you to take a look at</p> <p>4 that and let me know when you are done.</p> <p>5 A. Okay, I'm familiar with this</p> <p>6 contract.</p> <p>7 Q. I'll ask you to take a look</p> <p>8 at page seven of this agreement and ask</p> <p>9 you if you recognize your signature</p> <p>10 anywhere on that page?</p> <p>11 A. Yes, it is there for</p> <p>12 Challenger Aircraft Company.</p> <p>13 Q. And the individual who</p> <p>14 signed on behalf of Blue Skies, do you</p> <p>15 know who that is?</p> <p>16 A. Again I have heard of this</p> <p>17 individual. I never met him. It is</p> <p>18 Mr. Georgiy Pirumov.</p> <p>19 Q. With respect to the entity</p> <p>20 with whom Challenger entered into this</p> <p>21 agreement Blue Industrial Skies, would</p> <p>22 it be correct to state this would be</p> <p>23 another off the shelf company as you</p> <p>24 previously testified?</p> <p>25 MS. DYER: Objection to</p>	<p>1 ROBERT LEE</p> <p>2 Industrial Skies?</p> <p>3 A. 26.55 million US dollars.</p> <p>4 Q. And this contract also has a</p> <p>5 payment schedule pursuant to section</p> <p>6 2.1?</p> <p>7 A. Yes it does.</p> <p>8 Q. And if I could summarize, it</p> <p>9 calls for installment payments of</p> <p>10 \$3,450,000, \$19 million and \$4,100,000;</p> <p>11 is that correct?</p> <p>12 A. That is correct.</p> <p>13 Q. Now I would like you to take</p> <p>14 a look at Exhibit 8. And ask you if</p> <p>15 you would take a look at that and let</p> <p>16 me know when you are done. And then</p> <p>17 I'll ask you a few questions about</p> <p>18 that.</p> <p>19 A. Yes, I'm familiar with this</p> <p>20 contract.</p> <p>21 Q. Okay. Would you turn to</p> <p>22 page seven. Can you tell me does your</p> <p>23 name appear anywhere on page seven?</p> <p>24 A. Yes, it does.</p> <p>25 Q. And is that your signature</p>
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<p>1 ROBERT LEE</p> <p>2 the form.</p> <p>3 A. Yes.</p> <p>4 Q. Let's go to article two, if</p> <p>5 you would with me and can you tell me</p> <p>6 what is the purchase price of this --</p> <p>7 excuse me, let's start with what is the</p> <p>8 airplane, which is the subject of this</p> <p>9 contract?</p> <p>10 A. It is as for the previous</p> <p>11 contract, it is a Challenger 850</p> <p>12 executive.</p> <p>13 Q. And then can you tell me is</p> <p>14 this contract, if you look at the lower</p> <p>15 left hand corner, delineated by a</p> <p>16 contract number?</p> <p>17 A. Yes.</p> <p>18 Q. And can you tell me what</p> <p>19 that is?</p> <p>20 A. CL 850-0169.</p> <p>21 Q. Let's go to article two</p> <p>22 regarding the purchase price.</p> <p>23 Can you tell me what is the</p> <p>24 price for which this plane was going to</p> <p>25 be sold by Challenger to Blue</p>	<p>1 ROBERT LEE</p> <p>2 under Challenger Aircraft, signing as</p> <p>3 an authorized signatory?</p> <p>4 A. It is.</p> <p>5 Q. Is that Mr. Ercolanes</p> <p>6 signing for Bombardier?</p> <p>7 A. It appears to be /STPHRO.</p> <p>8 Q. Does this contract bear an</p> <p>9 identification number in the lower left</p> <p>10 hand corner?</p> <p>11 A. It does, CL 850-0169.</p> <p>12 Q. So would the contract that</p> <p>13 has been marked as 8 be the plane that</p> <p>14 was to be manufactured by Bombardier</p> <p>15 and then flipped to Blue Skies</p> <p>16 Industrial pursuant to Exhibit 7?</p> <p>17 MS. DYER: Objection to</p> <p>18 the form. You can answer it.</p> <p>19 A. The contract reference is a</p> <p>20 contract reference. The intention was</p> <p>21 that these two contracts mirror each</p> <p>22 other and represent the same aircraft</p> <p>23 at fruition should it have gone to that</p> <p>24 setting.</p> <p>25 Q. That would be true of the</p>

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<p>1 ROBERT LEE</p> <p>2 A. I don't recall but I believe</p> <p>3 so.</p> <p>4 Q. Do you recall whether or not</p> <p>5 Mr. Slinin had a contract for the</p> <p>6 purchase of the Learjet?</p> <p>7 MS. DYER: Objection to</p> <p>8 form.</p> <p>9 Q. Do you know whether or not</p> <p>10 Mr. Slinin had a contract for the</p> <p>11 purchase of a Learjet?</p> <p>12 MS. DYER: Same objection.</p> <p>13 A. I understand that a company</p> <p>14 that he controls by the name, if I</p> <p>15 recall correctly KSR, Inc. also had a</p> <p>16 contract to purchase a Learjet.</p> <p>17 Q. And do you recall whether or</p> <p>18 not that contract was terminated?</p> <p>19 A. I believe it was terminated.</p> <p>20 Q. And do you recall whether or</p> <p>21 not any deposits paid pursuant to that</p> <p>22 contract were then credited to this</p> <p>23 contract 206?</p> <p>24 A. I believe that the</p> <p>25 liquidated damages to which Bombardier</p>	<p>1 ROBERT LEE</p> <p>2 to you and ask if this refreshes your</p> <p>3 recollection with respect to whether or</p> <p>4 not \$1 million was credited from</p> <p>5 contract 207 --</p> <p>6 MS. DYER: And you don't</p> <p>7 have additional copies of that?</p> <p>8 MR. LEBOWITZ: I</p> <p>9 apologize. That was marked at</p> <p>10 Rapenda, so I actually have</p> <p>11 another copy but --</p> <p>12 MS. DYER: If you will</p> <p>13 give me a moment.</p> <p>14 MR. LEBOWITZ: It is</p> <p>15 Rapenda eight.</p> <p>16 MS. DYER: Let me see if I</p> <p>17 can either look on or find a</p> <p>18 copy. I would have it. Give me</p> <p>19 the first bates page number,</p> <p>20 please.</p> <p>21 Q. Mr. Lee, if you look at the</p> <p>22 first page --</p> <p>23 THE WITNESS: 296.</p> <p>24 MS. DYER: Okay, is there</p> <p>25 a pending question?</p>
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<p>1 ROBERT LEE</p> <p>2 were entitled, were retained by them</p> <p>3 and were taken into account in a</p> <p>4 subsequent renegotiation of a number of</p> <p>5 positions.</p> <p>6 Q. And do you recall how much</p> <p>7 money that was that was credited, if I</p> <p>8 mentioned the figure of \$1 million,</p> <p>9 would that refresh your recollection?</p> <p>10 A. It is just the use of the</p> <p>11 word credited that I was struggling</p> <p>12 with. I understand that \$1 million was</p> <p>13 taken into account later.</p> <p>14 Q. I want to show you because I</p> <p>15 thought I had an additional copy but I</p> <p>16 don't, I want to show you what has been</p> <p>17 marked at Mr. -- by the way, do you</p> <p>18 know an individual by the name of</p> <p>19 George Rapenda?</p> <p>20 A. I do know George.</p> <p>21 Q. I am going to represent to</p> <p>22 you that he was previously deposed and</p> <p>23 this was an exhibit identified as</p> <p>24 Exhibit 8 that was marked at his</p> <p>25 deposition and I am going to show this</p>	<p>1 ROBERT LEE</p> <p>2 MR. LEBOWITZ: No, he is</p> <p>3 looking at the document to</p> <p>4 refresh his recollection.</p> <p>5 A. I have looked at it.</p> <p>6 Q. Now that you looked at it,</p> <p>7 does that refresh your recollection in</p> <p>8 regard to whether or not any additional</p> <p>9 funds besides the \$1.3 million was</p> <p>10 credited to contract 206?</p> <p>11 MS. DYER: Objection to</p> <p>12 the form.</p> <p>13 Q. You could answer.</p> <p>14 A. Well, I see that under this</p> <p>15 agreement that KSR Jet agreed and</p> <p>16 instructed Bombardier to transfer the</p> <p>17 advance payment, which was that \$1</p> <p>18 million to the Midland Resources</p> <p>19 Learjet 60 purchase agreement, which I</p> <p>20 understand is 0206.</p> <p>21 Q. Is it your understanding</p> <p>22 that that did in fact occur?</p> <p>23 A. Yes.</p> <p>24 Q. Okay.</p> <p>25 MR. LEBOWITZ: Okay, this</p>

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<p>1 ROBERT LEE</p> <p>2 850. Now liquidated damages previously</p> <p>3 10 percent of the purchase price on the</p> <p>4 new 850 in the event of non performance</p> <p>5 has changed to 15.5 million.</p> <p>6 Revised price for this 850 green</p> <p>7 is \$17,643,100, fully covered by the</p> <p>8 transfer of down payments from other</p> <p>9 positions."</p> <p>10 If I am to understand that</p> <p>11 correct, that means that the price to</p> <p>12 be paid to Bombardier for this aircraft</p> <p>13 under 161 has been fully paid for by</p> <p>14 the transfer of all of the deposits for</p> <p>15 this contract; is that accurate?</p> <p>16 A. It is not entirely accurate</p> <p>17 because you are only looking for a</p> <p>18 certain number of contracts.</p> <p>19 If you look over the e-mail, you</p> <p>20 will see, on to the second page</p> <p>21 amended, three Global XRSs, we already</p> <p>22 discussed this morning one.</p> <p>23 Q. Right.</p> <p>24 A. So Midland had other</p> <p>25 positions with Bombardier in addition</p>	<p>1 ROBERT LEE</p> <p>2 transferred to the 161 contract?</p> <p>3 A. It is here in the e-mails.</p> <p>4 It is essentially \$2.4 million.</p> <p>5 Q. So is it \$2.4 million total</p> <p>6 from those three contracts that is</p> <p>7 being transferred, I am not trying to</p> <p>8 trick you --</p> <p>9 A. It is \$2.4 million per plane</p> <p>10 because if we go back to the 298 that</p> <p>11 we discussed earlier, \$2.4 million of</p> <p>12 that plane was discussed, 1.3 on one</p> <p>13 and 1.1 on another, for a total of 2.4.</p> <p>14 The two other positions that</p> <p>15 Midland had, had 2.4 million down on</p> <p>16 each of them, that were transferred.</p> <p>17 Q. All right, so would it be</p> <p>18 accurate to state that the last line on</p> <p>19 the first page, one cancelled Global</p> <p>20 XRS for delivery 2010 refers to the</p> <p>21 contract we spoke about this morning?</p> <p>22 MS. DYER: Objection to</p> <p>23 the form.</p> <p>24 A. I don't believe it does.</p> <p>25 That is another -- I'll have to check</p>
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<p>1 ROBERT LEE</p> <p>2 to the ones that we have discussed.</p> <p>3 Q. So we discussed the one XRS</p> <p>4 which involved the transfer of, I</p> <p>5 believe \$1.1 million to this contract</p> <p>6 161.</p> <p>7 So the other two XRSs are saying</p> <p>8 they had nothing to do with Mr. Slinin</p> <p>9 or any of his arrangements?</p> <p>10 MS. DYER: Objection to</p> <p>11 the form.</p> <p>12 A. I am saying they were not</p> <p>13 contracts that we discussed this</p> <p>14 morning.</p> <p>15 Q. Do you know what particular</p> <p>16 -- withdrawn.</p> <p>17 Are those other two contracts</p> <p>18 identified by number like the ones we</p> <p>19 discussed this morning?</p> <p>20 A. They do have numbers but I</p> <p>21 don't know today here what those</p> <p>22 numbers are.</p> <p>23 Q. So and do we know of those</p> <p>24 two other contracts, how much of the</p> <p>25 deposit for those contracts was</p>	<p>1 ROBERT LEE</p> <p>2 when we could find the document. But I</p> <p>3 believe there is another position that</p> <p>4 we did not discuss this morning and the</p> <p>5 one that we did discuss this morning is</p> <p>6 one of the three that are mentioned I</p> <p>7 believe because the numbers \$2.4</p> <p>8 million stack up.</p> <p>9 Q. So were the three Global</p> <p>10 contracts, I am a little confused,</p> <p>11 please excuse me. It says in the last</p> <p>12 sentence there in each case next</p> <p>13 payment is January 15, 2011 at \$3.4</p> <p>14 million previously \$1 million.</p> <p>15 Is that in respect to the Global</p> <p>16 XRS contracts, were they still in</p> <p>17 effect or were they entirely</p> <p>18 terminated?</p> <p>19 MS. DYER: Objection to</p> <p>20 the form.</p> <p>21 A. Can you repeat the question,</p> <p>22 please?</p> <p>23 Q. Yes.</p> <p>24 The last sentence of that</p> <p>25 paragraph where you wrote amended, says</p>

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<p>1 ROBERT LEE</p> <p>2 Q. After you repaid GE, did you</p> <p>3 substitute in another lender?</p> <p>4 A. Not immediately. There was</p> <p>5 a credit crisis and earlier access to</p> <p>6 credit was much more difficult.</p> <p>7 Q. Did there come a time when</p> <p>8 someone did step into GE's shoes so to</p> <p>9 speak?</p> <p>10 MS. DYER: Objection.</p> <p>11 A. We entered later financing</p> <p>12 arrangements.</p> <p>13 Q. Was that before these</p> <p>14 contracts were ultimately settled on</p> <p>15 the 8100?</p> <p>16 MS. DYER: Objection to</p> <p>17 the form.</p> <p>18 A. I believe the next round of</p> <p>19 financing of new financing we were able</p> <p>20 to get was after 8100.</p> <p>21 Q. After the 8100 was sold?</p> <p>22 Well I should say after the 8100 was</p> <p>23 delivered, is a better way to put it?</p> <p>24 A. Delivered by whom to whom?</p> <p>25 Q. Good point. Let me go back</p>	<p>1 ROBERT LEE</p> <p>2 particular, after it was delivered by</p> <p>3 Bombardier, it was sent to another</p> <p>4 company to finish it; correct?</p> <p>5 A. To complete, yes.</p> <p>6 Q. And that was a company</p> <p>7 called Flying Colors?</p> <p>8 A. That is correct, Flying</p> <p>9 Colors Corp.</p> <p>10 Q. Was Flying Colors paid for</p> <p>11 the work it did to finish the interior</p> <p>12 and exterior of the planes?</p> <p>13 A. Of course.</p> <p>14 Q. And they would have been</p> <p>15 paid on a payment schedule on a</p> <p>16 contract similar to what we have here;</p> <p>17 correct?</p> <p>18 MS. DYER: Objection to</p> <p>19 the form.</p> <p>20 A. Similar but it is a stage</p> <p>21 payment. It has certain milestones are</p> <p>22 met during the process of installation</p> <p>23 of the interior of the aircraft and</p> <p>24 painting and so on, that in a triggers</p> <p>25 payment.</p>
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<p>1 ROBERT LEE</p> <p>2 and see if I could clarify this.</p> <p>3 Did GE continue to provide</p> <p>4 financing for the 8100 up to and</p> <p>5 including the time that it was</p> <p>6 delivered to I guess CAC or Midland,</p> <p>7 whoever the ultimate assigning of the</p> <p>8 contract was from Bombardier?</p> <p>9 A. I don't recall. It was</p> <p>10 around that time.</p> <p>11 Q. And then there were</p> <p>12 additional, after Bombardier delivered</p> <p>13 the 8100, additional work was done to</p> <p>14 it to change it from a green plane to a</p> <p>15 finished plane, if you will?</p> <p>16 A. That is correct.</p> <p>17 Q. And was there anybody</p> <p>18 providing financing, was there anybody</p> <p>19 providing financing for that?</p> <p>20 A. I don't recall. There was a</p> <p>21 new lender that came in and it could</p> <p>22 have been at that stage or a little</p> <p>23 later.</p> <p>24 Q. Can you tell me, when the</p> <p>25 plane was being, in the 8100 in</p>	<p>1 ROBERT LEE</p> <p>2 Q. Do you have any affiliation</p> <p>3 with Flying Colors?</p> <p>4 A. Flying Colors is a 50</p> <p>5 percent subsidiary of Midland Group.</p> <p>6 Q. Do you do any of the, do you</p> <p>7 have any involvement as a financial</p> <p>8 officer with them?</p> <p>9 A. I am a director of Flying</p> <p>10 Colors but I don't have an executive</p> <p>11 role.</p> <p>12 Q. Okay, got you, okay.</p> <p>13 MR. LEBOWITZ: Let's mark</p> <p>14 this as number 30.</p> <p>15 (E-mails marked for</p> <p>16 identification, Lee Exhibit 30.)</p> <p>17 Q. Have you had an opportunity</p> <p>18 to look at the e-mails?</p> <p>19 A. I have.</p> <p>20 Q. Let's start at the one that</p> <p>21 is at the bottom of the page first,</p> <p>22 which appears to be from you to Alex</p> <p>23 Shnaider dated August 6, 2008 and it is</p> <p>24 subject Slinin planes.</p> <p>25 Do you recall sending this</p>

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<p>1 ROBERT LEE</p> <p>2 e-mail to Mr. Slinin?</p> <p>3 A. Mr. Shnaider.</p> <p>4 Q. I'm sorry, Mr. Shnaider.</p> <p>5 A. I don't recall sending it</p> <p>6 but I'm sure I did.</p> <p>7 Q. Well it says, "Slinin's</p> <p>8 people are pushing for assignment of</p> <p>9 the remaining Bombardier purchase</p> <p>10 contracts."</p> <p>11 Can you tell me what it is that</p> <p>12 Slinin's people were exactly doing when</p> <p>13 you wrote that? What do you mean by</p> <p>14 they were pushing for assignment of</p> <p>15 contracts?</p> <p>16 A. I don't recall precisely but</p> <p>17 I expect if you remember the Xaman</p> <p>18 Holdings contract, rights under it were</p> <p>19 assigned by either CAC or CL 850. And</p> <p>20 I expect a similar process was done</p> <p>21 here for the other contracts. Although</p> <p>22 the Xaman assignment took place shortly</p> <p>23 after this.</p> <p>24 Q. And it says, "Profit share</p> <p>25 on each plane is not fully paid and to</p>	<p>1 me who was calling.</p> <p>2 Q. And you told him it was</p> <p>3 Vadim Zilberman?</p> <p>4 A. I did.</p> <p>5 Q. I am sorry, you said that</p> <p>6 Midland was sourcing the plane. When</p> <p>7 you said sourcing it, do you mean</p> <p>8 providing -- you tell me what you mean.</p> <p>9 I don't want to put words in your</p> <p>10 mouth.</p> <p>11 A. Midland was purchasing,</p> <p>12 Midland or a Midland subsidiary was</p> <p>13 purchasing the planes from Bombardier.</p> <p>14 Q. And then you say in this</p> <p>15 e-mail at the bottom to Mr. Shnaider,</p> <p>16 "Profit share on each plane was not</p> <p>17 fully paid."</p> <p>18 On this plane, what was the</p> <p>19 profit sharing arrangement, do you</p> <p>20 know?</p> <p>21 A. The amounts that were</p> <p>22 payable to Midland are sent out in one</p> <p>23 of the earlier exhibits.</p> <p>24 Q. In each of these, we don't</p>
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<p>1 ROBERT LEE</p> <p>2 assign would take away control over the</p> <p>3 process. I assume no assignment until</p> <p>4 paid."</p> <p>5 And then would it be correct to</p> <p>6 state in the next e-mail above the one</p> <p>7 I just read, Mr. Shnaider is telling</p> <p>8 you that that is correct, that there</p> <p>9 should be no assignment to the contract</p> <p>10 until whatever payment is due is</p> <p>11 received and that the profit is split</p> <p>12 between him and Mr. Slinin?</p> <p>13 MS. DYER: Objection to</p> <p>14 the form.</p> <p>15 Q. Is that correct?</p> <p>16 A. Midland was responsible for</p> <p>17 sourcing the aircraft for which it was</p> <p>18 to be paid.</p> <p>19 Q. Yes.</p> <p>20 A. And it had not been paid in</p> <p>21 full and for assigning its rights under</p> <p>22 those contracts, I understand that Mr.</p> <p>23 Shnaider is telling me that he would</p> <p>24 like to be paid in full before Midland</p> <p>25 gives up its rights and he was asking</p>	<p>1 ROBERT LEE</p> <p>2 have to look, do you recall that 50</p> <p>3 percent of the, I think you described</p> <p>4 it as excess profit?</p> <p>5 A. No, excess proceeds.</p> <p>6 Q. Proceeds.</p> <p>7 MS. DYER: Is there is a</p> <p>8 question?</p> <p>9 MR. LEBOWITZ: Yes.</p> <p>10 MS. DYER: What is the</p> <p>11 question?</p> <p>12 Q. You are making reference to</p> <p>13 a prior document and my recollection is</p> <p>14 that that document as you prepared it</p> <p>15 showed that 50 percent of the excess</p> <p>16 proceeds is what would be payable to</p> <p>17 Mr. Shnaider?</p> <p>18 MS. DYER: Objection to</p> <p>19 the form.</p> <p>20 A. There is a description which</p> <p>21 I think is gross profit and there is</p> <p>22 commissions and then there is a I think</p> <p>23 net profit is the way to describe, that</p> <p>24 is the number of which 50 percent of</p> <p>25 which is the amount payable to Midland.</p>